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PHIL BREDESEN  
Governor

December 14, 2009

**MEMORANDUM**

To: State Funding Board

From: David L. Wright, Tennessee Higher Education Commission  
Tim Phelps, Tennessee Student Assistance Corporation

Subject: Tennessee Education Lottery Scholarship Program Projections

Pursuant to T.C.A. 4-51-111(c)(2)(A)(ii), the Tennessee Higher Education Commission (THEC) and Tennessee Student Assistance Corporation (TSAC) have collaborated to project expenditures in lottery scholarship and grant programs for the 2009-10 fiscal year and the next four fiscal years.

The figures below incorporate data for all lottery-funded programs, including the HOPE Scholarship, General Assembly Merit Scholarship, ASPIRE Award, HOPE Access Grant, Wilder-Naifeh Technical Skills Grant, Nontraditional Student Grant, Dual Enrollment Grant, Helping Heroes Grant, Foster Child Tuition Grant, Rural Health Loan Forgiveness Program, Math & Science Teacher Loan Forgiveness Program, and Tennessee Student Assistance Award.

<b>Fiscal Year</b>	<b>Total TELS Expenditures</b>
2008-09 actual	\$266.6 M
2009-10 estimated	\$287.5 M
2010-11 projected	\$312.5 M
2011-12 projected	\$337.4 M
2012-13 projected	\$361.4 M
2013-14 projected	\$387.9 M

Program expenditure projections are primarily based on increases to the HOPE scholarship, which accounts for 90 percent of overall program costs. Changes in HOPE scholarship expenditures are largely driven by three factors, two of which increase projected outlays. Recent economic conditions generated significant enrollment increases throughout higher education that are projected to be sustained through 2013-14. Additionally, implementation of the Tennessee Diploma Project is expected to increase the overall academic preparation of high school graduates, making more students HOPE-eligible. The third factor, which decreases the HOPE scholarship projection, is the slight decline in expected high school graduates over the next several years. Finally, projected expenditures for the TELS program are affected by a continuation of the relatively rapid growth in both the Wilder-Naifeh and Dual Enrollment Grant programs. Program details for these projections are attached.

Please let us know if you have questions or need anything further.

Attachment

# Tennessee Education Lottery Scholarship Program History and Projections

<u>2004-2005</u>	<u>Fall</u>	<u>Annual Increase</u>	<u>Spring</u>	<u>Annual Increase</u>	<u>Total</u>	<u>Annual Increase</u>
HOPE	\$45,071,569		\$41,578,620		\$86,650,189	
HOPE Access	\$82,640		\$69,920		\$152,560	
Wilder-Naifeh	\$2,353,757		\$4,259,516		\$6,613,273	
<b>Total</b>					<b>\$93,416,022</b>	
 <u>2005-2006</u>	 <u>Fall</u>		 <u>Spring</u>		 <u>Total</u>	
HOPE	\$65,147,811	44.5%	\$60,998,049	46.7%	\$126,145,860	45.6%
HOPE Access	\$262,201	217.3%	\$228,093	226.2%	\$490,296	221.4%
Wilder-Naifeh	\$4,350,277	84.8%	\$3,444,675	-19.1%	\$7,794,953	17.9%
Dual Enrollment	\$1,060,000		\$1,000,000		\$2,060,000	
<b>Total</b>					<b>\$136,491,109</b>	
 <u>2006-2007</u>	 <u>Fall</u>		 <u>Spring</u>		 <u>Total</u>	
HOPE	\$92,918,932	42.6%	\$86,423,144	41.7%	\$179,342,076	42.2%
HOPE Access	\$343,926	31.2%	\$295,790	29.7%	\$639,716	30.5%
Wilder-Naifeh	\$4,047,498	-7.0%	\$4,032,415	17.1%	\$8,079,913	3.7%
Dual Enrollment	\$1,850,000	74.5%	\$1,750,000	75.0%	\$3,600,000	74.8%
<b>Total</b>					<b>\$191,661,706</b>	
 <u>2007-2008</u>	 <u>Fall</u>		 <u>Spring</u>		 <u>Total</u>	
HOPE	\$108,738,096	17.0%	\$99,401,245	15.0%	\$208,139,341	16.1%
HOPE Access	\$395,098	14.9%	\$343,402	16.1%	\$738,500	15.4%
Wilder-Naifeh	\$5,754,982	42.2%	\$6,055,040	50.2%	\$11,810,022	46.2%
Dual Enrollment	\$2,450,000	32.4%	\$2,350,000	34.3%	\$4,800,000	33.3%
<b>Total</b>					<b>\$225,487,863</b>	
 <u>2008-2009</u>	 <u>Fall</u>		 <u>Spring</u>		 <u>Total</u>	
HOPE	\$123,326,852	13.4%	\$115,838,020	16.5%	\$239,164,872	14.9%
HOPE Access	\$465,108	17.7%	\$411,906	19.9%	\$877,014	18.8%
Wilder-Naifeh	\$6,169,781	7.2%	\$7,146,324	18.0%	\$13,316,105	12.8%
Dual Enrollment	\$2,908,995	18.7%	\$2,898,333	23.3%	\$5,807,328	21.0%
TSAA					\$6,800,000	
Rural Health					\$274,000	
Helping Heroes					\$365,000	
<b>Total</b>					<b>\$266,604,319</b>	
 <u>2009-10</u>	 <u>Fall</u>		 <u>Spring</u>		 <u>Total</u>	
HOPE	\$132,800,000	7.7%	\$122,600,000	5.8%	\$255,400,000	6.8%
HOPE Access	\$500,000	7.5%	\$425,000	3.2%	\$925,000	5.5%
Wilder-Naifeh	\$8,000,000	29.7%	\$8,000,000	11.9%	\$16,000,000	20.2%
Dual Enrollment	\$3,600,000	23.8%	\$3,400,000	17.3%	\$7,000,000	20.5%
TSAA					\$6,800,000	
Rural Health					\$600,000	
Helping Heroes					\$750,000	
<b>Total</b>					<b>\$287,475,000</b>	

# Tennessee Education Lottery Scholarship Program History and Projections

<u>2010-11</u>	<u>Fall</u>	<u>Annual Increase</u>	<u>Spring</u>	<u>Annual Increase</u>	<u>Total</u>	<u>Annual Increase</u>
HOPE	\$143,424,000	8.0%	\$132,391,385	8.0%	\$275,815,385	8.0%
HOPE Access	\$512,000	2.4%	\$436,148	2.6%	\$948,148	2.5%
Wilder-Naifeh	\$9,600,000	20.0%	\$9,600,000	20.0%	\$19,200,000	20.0%
Dual Enrollment	\$4,300,000	19.4%	\$4,100,000	20.6%	\$8,400,000	20.0%
TSAA					\$6,800,000	
Rural Health					\$600,000	
Helping Heroes					\$750,000	
<b>Total</b>					<b>\$312,513,533</b>	
 <u>2011-12</u>	 <u>Fall</u>		 <u>Spring</u>		 <u>Total</u>	
HOPE	\$153,463,680	7.0%	\$141,658,782	7.0%	\$295,122,462	7.0%
HOPE Access	\$524,288	2.4%	\$446,616	2.4%	\$970,904	2.4%
Wilder-Naifeh	\$11,520,000	20.0%	\$11,520,000	20.0%	\$23,040,000	20.0%
Dual Enrollment	\$5,140,000	19.5%	\$4,940,000	20.5%	\$10,080,000	20.0%
TSAA					\$6,800,000	
Rural Health					\$600,000	
Helping Heroes					\$750,000	
<b>Total</b>					<b>\$337,363,365</b>	
 <u>2012-13</u>	 <u>Fall</u>		 <u>Spring</u>		 <u>Total</u>	
HOPE	\$162,671,501	6.0%	\$150,158,308	6.0%	\$312,829,809	6.0%
HOPE Access	\$536,871	2.4%	\$457,334	2.4%	\$994,205	2.4%
Wilder-Naifeh	\$13,824,000	20.0%	\$13,824,000	20.0%	\$27,648,000	20.0%
Dual Enrollment	\$6,200,000	20.6%	\$5,896,000	19.4%	\$12,096,000	20.0%
TSAA					\$6,800,000	
Rural Health					\$300,000	
Helping Heroes					\$750,000	
<b>Total</b>					<b>\$361,418,015</b>	
 <u>2013-14</u>	 <u>Fall</u>		 <u>Spring</u>		 <u>Total</u>	
HOPE	\$172,431,791	6.0%	\$159,167,807	6.0%	\$331,599,598	6.0%
HOPE Access	\$549,756	2.4%	\$468,311	2.4%	\$1,018,066	2.4%
Wilder-Naifeh	\$16,588,800	20.0%	\$16,588,800	20.0%	\$33,177,600	20.0%
Dual Enrollment	\$7,400,000	19.4%	\$7,115,200	20.7%	\$14,515,200	20.0%
TSAA					\$6,800,000	
Rural Health					\$0	
Helping Heroes					\$750,000	
<b>Total</b>					<b>\$387,860,464</b>	

